Performance Reporting Principles For the British Columbia Public Sector

Principles Endorsed by Government, the Select Standing Committee on Public Accounts and the Auditor General of British Columbia

November 2003

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Introduction

In October 2003, three parties in British Columbia—government, legislators and the Auditor General—reached agreement on a set of performance reporting principles for the British Columbia public sector. This agreement is unique in Canada. For the first time, those who prepare public performance plans and reports, those who use them and those who assess them do so from a common basis, with agreement on the fundamentals of meaningful performance reporting.

The performance reporting principles accepted by all three parties were designed with these tenets in mind:

- First, that they support an open and accountable government—one that clearly communicates to the public what government strives to achieve and what it actually achieves.
- Second, that they provide a framework for learning organizations—that is, they should clarify reporting requirements and expectations, encourage sound reporting and build on best practices in public reporting.
- Third, that those who use performance information should understand the basis on which the performance reports are prepared and should be able to assess the quality of the reporting they receive.

Ministries, Crown corporations and other government organizations will find the reporting principles useful as they continue to improve the accountability documents they prepare for legislators and the public. These performance reports reflect the significant shift that has taken place, to a system that sets performance measures and targets and holds government agencies accountable for the results achieved. The performance management systems that the reporting principles support also create strategic focus within government agencies to align business units and individuals with the performance objectives of the agency and government as a whole. Over time, the use of the principles should lead to more mature and meaningful discussions about the choices that government makes and the impact of those choices on the people it serves.

Purpose of the Report

Part I of this report sets out the public performance reporting principles that Government, the Legislative Assembly's Select Standing Committee on Public Accounts (PAC) and the Auditor General agree should apply to the British Columbia public sector. It explains why these principles are important and identifies who should use them.

Part II of the report provides background information for those who want to know more about the development of these principles: the impetus for this work, how national reporting principles were tailored to fit the British Columbia public sector context, and how consensus on the British Columbia reporting principles was achieved.

Part 1—The BC Reporting Principles

What are the BC Reporting Principles?

The BC Reporting Principles consist of eight principles to guide government in reporting to the public on its performance.

The principles were developed to be consistent with Canada's national reporting principles as recommended by the CCAF[1], and are similar to emerging reporting principles and practices of other jurisdictions. They were also tailored to fit the British Columbia public sector context. In that respect, the BC Reporting Principles are consistent with general thinking in British Columbia as reflected in the *Budget Transparency and Accountability Act*.

Finally, each of the principles is supported by criteria or self-assessment questions, a feature not found in other frameworks or practices. The criteria were developed to help organizations better understand and use the principles to improve their planning and reporting efforts. Supplementing the criteria are illustrative examples from the British Columbia public sector and other jurisdictions, demonstrating how aspects of each principle have been incorporated in performance reports. As practice in public performance reporting evolves in British Columbia and elsewhere, these criteria and examples will need to be revisited.

BC's Reporting Principles at a Glance

1. Explain the public purpose served
2. Link goals and results
3. Focus on the few, critical aspects of performance
4. Relate results to risk and capacity
5. Link resources, strategies and results
6. Provide comparative information
7. Present credible information, fairly interpreted
8. Disclose the basis for key reporting judgements

[1] The CCAF-FCVI Inc. (formerly the Canadian Comprehensive Auditing Foundation) is a national, non-profit research and education foundation. In developing national performance reporting principles, the CCAF consulted with legislators, senior government managers and legislative auditors from across Canada. More information is available at www.ccaf-fcvi.com.

Why Use These Principles?

There are many good reasons to use these principles. For one, the BC Reporting Principles reflect broad agreement, across government and with legislators and the Auditor General, about the basis on which government should tell its performance story. In terms of public reporting, the essence of these principles is to encourage a healthy debate of plans and actual performance.

The principles also serve as guidance to those within government (potentially, others who expend public dollars) who must prepare such reports and to those who use them. This will help ensure there is common understanding about the quality and complete-ness of government's performance reporting.

However, the principles are more than a reporting device: they can help support government in using planning and reporting as a tool for managing, integrated with its ongoing management practices. To report on the results achieved, organizations need to manage their plans—their goals, objectives and strategies—and to ensure they have the information they need to know whether they are achieving their intended results.

The reporting principles can also serve as a self-assessment tool for those who prepare performance reports. On behalf of the Legislative Assembly, the Auditor General also uses the BC Reporting Principles to review and report on the quality of government's annual service plan reports.[1]

Over time, the reporting principles may lead to the development of generally accepted performance reporting standards, such as exist for financial reporting.

[1] These reviews are part of the Auditor General's series of reports entitled Building Better Reports. They can be found at the Auditor General of British Columbia website (www.bcauditor.com) or by contacting the Office of the Auditor General of British Columbia.

[2] Report of Proceedings (Hansard), Select Standing Committee on Public Accounts, October 16, 2003 (www.leg.bc.)

PAC Discussion of the Principles

It really is exciting to those of us, I think, who understand what it means to government's relationship with the general public. To me, what we're doing here is developing slowly—or rebuilding, let's say—more trust and confidence between the general public and government. To me, that's what this is about—providing information to the public that they, over time, will know they can rely upon and trust. I think this will generate more confidence in their public institutions and, I dare say, maybe someday even the politicians.

B. Bennett, MLA
Deputy Chair, PAC
October 16, 2003

What Do Legislators Say?

In a joint report entitled *Reporting Principles and An Assurance Program for BC*, the Government and the Auditor General of British Columbia set out the eight reporting principles they believed should be adopted for the British Columbia public sector. In October 2003, the report was discussed in depth by the Public Accounts Committee. Several issues caught the attention of the Committee: in particular, the need to be clear about the public purpose served, the necessity for clearly linking resources to results, and the importance of consistency in the principle "present credible information, fairly interpreted."

Following this discussion, and at the request of Government and the Auditor General, the PAC:

> *Resolved, that the Committee endorse the collaborative efforts being made by the Auditor General and the Comptroller General on the matter of Performance Reporting and Assurance and specifically, the BC Reporting Principles as a basis for service plan and annual service plan report guidance and assessment, and encourages*

> *the Auditor General and Government to revisit the principles at a future date to ensure that BC's reporting principles continue to reflect good reporting practices in Canada and internationally.*

The PAC went one step further. It suggested that over time the reporting principles should extend to parties outside government who deliver services on its behalf. The following motion was passed:

> *Resolved, that the Committee strongly encourages Ministries and Crown Agencies to work towards the goal of incorporating into their contracts with non-ministerial service delivery agencies the eight principles outlined in the joint report prepared by the Auditor General and the Comptroller General.*

In essence, the second motion put forward by the Committee was "that government would gradually build into its new contracts, and perhaps its renewals, the requirement for non-ministry organizations to operate in accordance with the same performance standards and reporting obligations that government does."[4]

The Principles, Criteria and Illustrative Examples

The eight BC Reporting Principles, supporting criteria and illustrative examples are set out in detail in the following pages. Structured as self-assessment questions, the criteria elaborate on each principle and serve as a guide to incorporating the principles in a plan or report. Examples have also been provided to help organizations think about different ways to reflect the principles in their reporting. As practice in performance reporting improves over time, these examples will need to be revisited.

While some of the plans and reports listed in the examples are much longer than recommended, they have been included simply to help stimulate thought as to how a particular reporting principle might be addressed. They are not intended to serve as a template that all organizations should follow.

The principles were devised to be adaptable to either a service plan or an annual service plan report. Some concern has been raised that these principles will lead to duplication of information. This is not the intent. While eight reporting principles have been identified, they should not form the structure of a plan or report. The principles are a way of thinking about the content, completeness and quality of performance reporting. The expectation is that organizations will broadly incorporate all the principles in a plan or report, rather than reporting separately against each principle.

Ultimately, organizations will make the decision, based on guidance from Treasury Board Staff or the Crown Agencies Secretariat and on their own best judgement, as to the degree of duplication and level of detail required in the service plan and service plan reports. One option organizations may consider, for example, is providing links to more detailed plans and reports in the electronic versions of a service plan and annual service plan report.

It is clear from experience, and from the feedback received from ministries and Crown agencies, that certain principles will be more challenging to incorporate in the plans and reports than others. As a result, some organizations may take longer to build the processes and structures necessary to support good performance reporting. Organizations will be at different stages toward fully incorporating the principles but, as they gain experience and as practice evolves, they should achieve steady progress over time.

Finally, judgement will be required to ensure that organizations incorporate all the principles in their reporting in a balanced way, while not losing sight of one principle in particular: that is, "focusing on the few, critical aspects of performance." Clearly, this process will take time, effort and experience.

[4] Report of Proceedings (Hansard), Select Standing Committee on Public Accounts, October 16, 2003, p. 25

BC's Reporting Principles

1 Explain the public purpose served

Reporting Principle

Public performance reporting should explain why an organization exists and how it conducts its business, both in terms of its operations and in the fundamental values that guide it. This is important to interpreting the meaning and significance of the performance information being reported.

It is not just the raison d'etre of an organization that matters in understanding its performance. How an organization delivers its programs, products and services is also key. Several ministries, for example, rely on contractors, private/public partnerships, and transfer payment organizations (such as schools, universities, colleges and health authorities) to deliver government programs, products and services. In these cases, achieving the ministry's goals and objectives is a collective, rather than individual, responsibility.

The issue may be somewhat different for Crown corporations. Their governance structures and the roles and responsibilities of the various parties (board, government and the Legislative Assembly) are often complex. Moreover, Crown corporations must balance their public purpose with sometimes competing business interests.

Public sector organizations are expected to carry out their roles and responsibilities consistent with public sector values. In the conduct of public business, how you deliver your programs, products and services matters.

Self-Assessment Criteria

Overall, have you explained the public interest served through your organization, and how it conducts its business?

Have you adequately explained the organization's purpose, as derived from enabling legislation, and its mission?

What are your core business areas and/or the principal markets you serve?

Is it clear who you serve — the clients or stakeholders who rely on your programs, products and/or services?

Have you provided an overview of the programs and services your organization delivers?

Will the reader understand the governance structure of your organization — that is, its key reporting relationships, particularly those that are externally focused?

In the case of subsidiaries, have you described how their mission is aligned with the mission of your organization?

Have you explained how you deliver your programs, products or services through others? And how you ensure they deliver what you want?

Is it clear that your organization is guided by public sector values in delivering its programs, products and services? E.g.:

- in an ethical manner
- with fair access to business
- without personal benefit
- in accordance with professional conduct

Have you explained any other factors that are critical to understanding your performance?

Examples to Consider:

Please note that page references are those that appear in the hard copy of the organization's report.

BC Buildings Corporation, Service/Strategic Plan 2002–2005

http://www.bcbc.bc.ca/Corporate/Service-Strategic_Plan/Service-Strategic_Plan_2002-05.pdf

See pages 3 to 5 for a good explanation of the organization's mandate, vision and mission, core services and core values.

Treasury Board of Canada Secretariat Health Canada Departmental Performance Report 2000-2001

http://www.tbs-sct.gc.ca/rma/dpr/00-01/HCan00dpr/hcan0001dpr01_e.asp

See Section II: Departmental Overview for a good description of how Health Canada conducts its business and identifies and explains its core services and core business areas.

BC's Reporting Principles

2 Link Goals and Results

Reporting Principle

Public performance reporting should identify and explain the organization's goals, objectives and strategies and how the results relate to them.

Planning and reporting should be part of an organization's ongoing operations, systems, and decision-making. This suggests there is a logical flow or an inter-related "chain of events" an organization follows, from its vision, mission and mandate, to its goals, objectives, and strategies, through to its performance monitoring and measuring, to its public reporting.

By monitoring performance, an organization can learn from what has happened and make adjustments to its plan. These adjustments should be reflected in the annual report as an indication to readers that the organization is aware of its successes and is planning steps, where necessary, to address any shortcomings or changes in its environment. Planning and reporting are part of a continuous cycle: the monitoring and reporting of results helps inform future planning, while the planning process sets out the intended results and the strategies to achieve them. In essence, by linking the goals and results of an organization, it will be looking forward as well as back at its performance.

Self-Assessment Criteria

Overall, will the reader understand:

- **what your organization intends to achieve?**
- **what it actually achieved? and**
- **the impact your results will have on your future direction?**

Will readers understand the logical framework—the "chain of events"—that links your plan and report?

Are your goals and objectives well-defined and supportive of your vision and purpose?

Are there clear links between your goals/objectives (i.e. your plan) and your results (i.e. your report)?

Is your assessment of intended and actual results based on good short and long-term performance measures?

Have you explained how short term achievements affect long term goals?

Have you explained any differences between actual versus planned results? And what your organization intends to do about it?

Do your measures and targets reflect the range of issues that:

- concern the public and legislators? E.g. outcomes as well as outputs, and quality and efficiency measures.
- are relevant to the organization's goals and objectives?

If your organization relies on alternative delivery systems (such as contractors or public/private partnerships), have you described the performance of the overall system?

Are the outcomes you're seeking reasonable —that is, is there a plausible link between your actions and your intended outcomes?

Examples to Consider:

Please note that page references are those that appear in the hard copy of the organization's report.

Ministry of Forests 2001/02 Annual Report —A New Era Update

http://www.gov.bc.ca/prem/down/annual_rpts/11FORWEB.pdf

See pages 17 to 21 for good linkages of goals to business areas, measures, targets and actual results.

U.S. Department of Housing and Urban Development Performance Information

http://www.hud.gov/offices/cfo/reports/7perinfo2001.pdf

See page 159 to see how goals, objectives and performance measures (referenced as outcome indicators) are linked. Included is a discussion of results for each measure. Even though this document is lengthy, it has been highlighted because it provides examples, including graphs, of linking goals and results over several years.

BC's Reporting Principles

3 Focus on the Few, Critical Aspects of Performance

Reporting Principle

Public performance reporting should focus on the few, critical aspects of performance.

This principle reflects the interest of the audience in the larger, overall picture. **Few** means that the number of goals, objectives and particularly performance measures described are limited in number in the published documents that are directed to legislators and the public. **Critical aspects of performance** address significance, relevance and the focus on results. What is critical is determined, in part, by:

- what is of importance to the intended users —hence, the focus of reporting should be driven by the likely use of the information as much as by government's obligation to report;
- aspects of performance that the government judges as critical to the organization's success; and
- what is vital to the organization as reflected in its goals, objectives and intended versus actual results.

Self-Assessment Criteria

Overall, have you presented a clear, concise and balanced picture of your performance?

Does your organization's plan and report address what's important to the government at the overall corporate level as reflected in the government's strategic plan?

Does your plan and report focus on what's important to the public and legislators? Is it clear what the achievement of the goal means to them?

Are your key results (financial and non-financial) clear and readily apparent?

Have you explained what's critical to your organization in achieving these goals and objectives?

Does the reader know that more detailed information (such as operating or divisional plans) is available and where it can be accessed?

Are your over-riding goals, objectives and planned and actual results obscured by unnecessary detail or complexity?

Examples to Consider:

Please note that page references are those that appear in the hard copy of the organization's report.

BC Hydro Annual Report 2002
http://www.bchydro.com/rx_files/info/info3016.pdf
See pages 46 to 53 for a good explanation of how it focused on and presented the few critical measures in its report.

Alberta Ministry of Human Resources and Employment Business Plan 2002–2005
http://www.finance.gov.ab.ca/publications/budget/budget2002/human.pdf
See pages 219 to 225 of the report. Core businesses on page 219 identifies and explains how the ministry's plan links to the overall government plan. Desired Results and Strategies on pages 220 to 225 explains what is critical to achieve each goal in the strategies and what initiatives will result in goal.

BC's Reporting Principles

4 Relate Results to Risk and Capacity

Reporting Principle

Good performance reporting should report results in the context of an organization's risks and its capacity to deliver on its programs, products and services.

Risk is "the chance of something happening that will have an impact upon objectives. It is measured in terms of consequences and likelihood."[1] Risk management is an integral facet of all business processes.

Capacity refers to the ability of an organization to achieve its intended results into the future. Put another way, "a capable organization is one that can continue to do what it does currently, and is flexible enough to do what is required in the future."[2]

In practical terms, capacity is the appropriate combination of authority, funding, people, and infrastructure (including assets, systems and processes) that will allow an organization to achieve its intended results over the long term. This encompasses such matters as:

- Leadership and Direction
- People
- Tangible Assets
- Resources
- Reputation

Capacity building is typically the response to an organization's risk assessment.

[1] Risk Management Standard AS/NZS 4360:1999

[2] "Measuring Human Resource Capability, Occasional Paper #13, State Services Commission, Willington, New Zealand, August 1999, p. 8.

Self-Assessment Criteria

Overall, do you report whether your organization has sufficient capacity to meet its objectives in the future and manage its risks?

Has there been a shift in your organization's mandate, goals, strategies and/or program delivery? If so, have you explained what the consequences have been or will likely be on your ability to deliver results in the future?

In what respect were your results affected by your:

- risk management?
- current capacity?
- the capacity of others (such as partners or the private sector)?

Have you identified the critical areas where you will need to build your capacity in order to succeed over the long term?

Does your organization have the necessary funds, infrastructure and people in place to meet your objectives?

Does your plan concisely explain the major risks confronting your organization—in the short term and over the long term?

Have you briefly described what is acceptable to your organization in terms of its tolerance for risk?

Have you summarized your strategies for prioritizing and dealing with the risks you face?

Reporting Principle	Self-Assessment Criteria
Reporting would: • identify significant risks and their tolerability; • specific dimensions of capacity involved, such as risk treatment and monitoring; • explain their importance to the organization's mission, goals or results; and • describe the steps being taken to adjust capacity and/or expectations; or • where capacity is not a consideration, provide a representation to that effect What is appropriate will depend on the public purpose to be served by the organization and the resources available to it.	Have you briefly explained how your key risks have influenced the choices you made about your goals, objectives and strategies for delivering your programs and services? Did you summarize the impact of your strategies and actions in managing risks or capitalizing on your opportunities?

Examples to Consider:

BC Hydro's Service Plan for Fiscal Years 2002/03 –2004/05
http://www.bchydro.com/rx_files/info/info1615.pdf
See pages 18 to 20 of the report for sensitivity analysis, which identifies and explains the major risks for the organization and what may impact its performance.

BC Hydro Annual Report 2002
http://www.bchydro.com/rx_files/info/info3016.pdf
See pages 19 to 24 of the report for a good description of its risks and how it has chosen to manage them.

Public Guardian and Trustee of British Columbia 2001-2002 Annual Report
http://www.trustee.bc.ca/2001-2002_20Annual_20Report_20ws.pdf
See pages 26 to 27 of the report for a discussion on its risk management strategies and its capacity limitations.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

5 Link Resources, Strategies and Results

Reporting Principle

Public performance reporting should link financial and performance information to show how resources and strategies influence results. Related to this is how efficiently the organization achieves its results.

This principle is directed at understanding the link between financial and human resources and the organization's performance. It views funding as a means to an end—more specifically, an organization's ability to deliver on its plan—but also recognizes funding as a critical element in an organization's ability to manage its risks and continue operations. Thus linking financial and operational goals, objectives and results is important to any public sector organization.

Self-Assessment Criteria

Overall, is it clear how your funding has influenced your:

- **goals, objectives and strategies; and**
- **actual results?**

Is the nature of your funding clear? Have you explained what key activities account for your major funding?

Can the reader make meaningful judgements about your funding decisions? Have you explained your planned and actual costs in terms of your:

- core business areas (for example, by program, products or services);
- key goals, objectives and strategies; and
- results achieved?

Does the reader understand how your current funding compares to past and forecasted funding?

Have you explained the key service planning and delivery assumptions that drive your financial plan?

Have you provided the reader with trend information about your planned and actual expenditures?

Where there are variances, have you explained what happened and why, and what adjustments the organization will be making?

Are your resources (inputs such as dollars and FTEs) linked to your volume/units of services (outputs) in a way that will help the reader understand the efficiency and economy of your operations?

Reporting Principle	Self-Assessment Criteria
continued . . .	Are your decisions surrounding the organization's strategies explained within the context of available funding? Is it clear how the level of funding or any changes in funding affected the results you were seeking? Have you included information about major capital plans? Have you provided basic financial information (such as financial statements, in the case of Crown corporations)? Are they supported by management's discussion and analysis?

Examples to Consider:

Ministry of Forests Performance Plan 2001/02 –2003/04

http://www.for.gov.bc.ca/hfd/pubs/docs/mr/plans/2001_02/MOFPerfPlan2001_02.p

See page 33 for good linkages among goals, business areas and expenditures.

British Columbia Securities Commission Annual Report 2001-02

http://www.gov.bc.ca/cas/down/2001_02_annual_reports/bcsc_ar_2001_02.pdf

See pages 28 to 30 of the report for linkages between expenses and business areas.

Alberta Learning Annual Report 2002 Chapter 7 Results Analysis

http://www.learning.gov.ab.ca/annualreport/2002/results.pdf

See page 38 to 41 of the report for linking resources to strategies.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

6 Provide Comparative Information

Reporting Principle

Public performance reporting should provide comparative information about past and expected future performance and about the performance of similar organizations when it would significantly enhance a reader's ability to use the information being reported.

Comparability refers to the ability to compare information about an organization's performance with:

- relevant baseline information drawn from previous periods; and/or
- internal/external benchmarks drawn from other organizations, statutory regulation and/or non-statutory norms

Comparative information puts the organization's performance in context, allowing a reader to judge:

- whether an organization's performance is improving, deteriorating or remaining unchanged; and
- whether targets are ambitious, mediocre or attainable.

To allow for comparisons, there must be consistency in the way information is measured and presented. This includes consistency in the organization's form and content of reporting over time. It should also allow for comparisons with similar organizations.

Self-Assessment Criteria

Overall, does the reader understand:

- **whether your performance is improving, deteriorating or remaining static, and why?**
- **what your expectations are for the future?**

Are there clear comparisons in form and content between your:

- plan and your report?
- plans and previous results?

Have you provided sufficient information for the reader to judge your performance relative to:

- your past performance?
- the performance of others in your sector or industry?
- sector or industry standards, benchmarks or best practices?

Have you explained any year-over-year data inconsistencies that impact the reader's understanding of the organization's performance?

Have you included multi-year trend data for your funding, outputs and outcomes, including, to the extent possible, forecasting information?

Have you provided relevant economic, social or demographic information to put results into context?

Examples to Consider:

BC Hydro Annual Report 2002
http://www.bchydro.com/rx_files/info/info3016.pdf
See pages 46 to 56 of the report for the corporation's performance measures, most of which have trends and/or benchmarks.

The Alberta Children and Youth Initiative (ACYI) 2000–2001 Annual Report
http://www.child.gov.ab.ca/acyi/pdf/ab_child_initiative.pdf
See pages 21–37 of the report for multi-year trend data and some forecasting information and benchmarks. Most measures include explanations so the reader can understand if performance is improving, deteriorating or remaining static.

Performance Measures by Organization and Program from the United States *Department of Veterans Affairs FY 2002 Performance and Accountability Report.*
http://www.va.gov/budget/report/Performance_Measures_by_Org_2002.pdf
Tables provide comparisons over time showing trend data for a 5-year period and associated target levels. Some data displayed in the tables show the goal status (met/not met). Good descriptions were provided for each measure. (See page 128 of the report for an example.)

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

7 Present Credible Information, Fairly Interpreted

Reporting Principle

Public performance reporting should be credible—that is, based on quantitative and qualitative information that is fairly interpreted and presented, based on the best judgement of those reporting.

The information presented should strike a balance among the following attributes:

Consistency – means measuring and presenting information consistently from one period to the next, and clearly explaining any breaks in the consistency of reported information.

Fairness – means the information is honestly reported and is neutral or free from bias, with checks and balances against subjectivity.

Relevance – means that information relates to the organization's objectives and the extent to which results are achieved. Results should deal with effectiveness, efficiency and costs.

Reliable – means the information is, in all significant respects, complete or free from significant omissions. Reliable also means the information is reasonably accurate or free from material error. "Reasonably accurate" refers to the cost-benefit of producing reliable information.

Verifiable – means the information can be reproduced or traced and independently verified.

Understandable – means the reporting avoids jargon and vagueness, and is succinct. The information is presented in a format and using language that helps the reader appreciate its significance.

Self-Assessment Criteria

Overall, is the information you report credible (i.e. has integrity) and does it enable the user to readily assess performance?

Have you been complete in your reporting, covering all key aspects of performance?

Are your performance measures relevant? Are they measuring what they purport to measure?

Are you consistent in your reporting of performance measures from one year to the next? If not, have you explained why not?

Are your measures generally accepted as reasonable measures? Are they widely used within your sector or industry?

Is the data you report accurate?

Has the source of the data been identified?

Can the information be traced to a reliable source?

Is the content of your plan and report written in a precise and readily understandable manner?

Have you reported both successes and shortcomings in a neutral manner?

Can the information be replicated or reconstructed, if necessary, from supporting documentation?

Are the conclusions you state in your report fair and sound?

Reporting Principle

Timely – means received in sufficient time to inform decision making. Timeliness for management means information is available for management decision-making on a routine basis. Timeliness for legislators and the public means meeting legislated public reporting timeframe commitments that are designed to inform future policy decisions.

Examples to Consider:

BC Progress Board 2002 Report, Chapter 3 Environment, Health and Society
http://www.bcprogressboard.com/2002Report/RptCh3.pdf
See page 82 of the report for an example of how to represent source and data limitations.

Alberta Learning Results Report 2001/2002
http://www.learning.gov.ab.ca/annualreport/2002/ResultsReport.pdf
See pages 11 to 15 of the report for layout of outcomes, performance highlights and opportunities for improvement. Each highlight and opportunity is rated against performance targets.

Appendix E: Performance Measure Methodologies (supporting document to the *Ministry of Management Services 2002/05 Service Plan*)
http://www.mser.gov.bc.ca/rpts/methodology.pdf
While detailed, Appendix E of the report does provide an example of how to present credible information.

Canada Deposit Insurance Corporation 2001/2002 Annual Report
http://www.cdic.ca/bin/report_e_final.pdf
See pages 2-6 for a layout of objectives, measures, targets and performance against targets.

Performance Data and Performance Measurement (from the *United States Department of Transportation 2001 Performance Report*)
http://www.dot.gov/performance/appendix1.html
See pages 1-4 of the report for a discussion on data completeness, reliability, verification, validity and data limitations. See page 5 of the report for an example of identifying measures and including descriptions on the scope, source, limitations, statistical issues, verification and validation, and a comment for each measure. Even though this document is lengthy, it has been highlighted because it provides examples of presenting credible information.

Please note that page references are those that appear in the hard copy of the organization's report.

BC's Reporting Principles

8 Disclose the Basis for Key Reporting Judgements

Reporting Principle

Public performance reporting should disclose the basis on which information has been prepared and the limitations that should apply to its use.

In particular, public performance reports should explain:

- the basis for selecting the few, critical aspects of performance on which to focus;
- changes in the way performance is measured or presented compared to previous year(s);
- the rationale for choosing the performance measures (recognizing, for example, that meaningful quantitative measures may not be easy to identify for some programs);
- the means of providing assurance on the veracity and completeness of information presented; this may mean external validation, such as through studies done on a national basis comparing provinces or through independent assurance; and
- the basis on which those responsible for the report hold confidence in the reliability of the information being reported.

The scope of verification may vary, from confirming the accuracy of statistics presented, through expressing opinions on systems of control, to commenting on the relevance of the information presented and whether it was fairly interpreted. (Note that an approach to independent assurance is under development in B.C. See Part II of the Report on Results section of this report.)

Self-Assessment Criteria

Overall, will the reader:

- **understand the choices you've made in reporting? and**
- **have confidence in what you report?**

Will the reader understand the basis on which the few, critical things that matter have been determined?

Where changes have occurred in your goals, objectives or performance measures, have you made this clear to the reader? Have you explained why these changes were made?

On what basis are you confident that the data you report is relevant and reliable?

On what basis are you confident that your interpretation of the data is reasonable?

Have you explained the rationale for choosing the performance measures and targets you have?

Have you identified the source and reporting date of your data, and any limitations in its use?

Where your information is incomplete, have you:

- provided baseline data instead; or
- indicated when the information will be available?

Has the information been corroborated to other sources to ensure its validity?

Has the information been verified by independent parties?

Examples to Consider:

BC Progress Board 2002 Report, Chapter 3 Environment, Health and Society
http://www.bcprogressboard.com/2002Report/RptCh3.pdf
See page 79 of the report for a description of why the BC Progress Board chose the performance indicators it did.

Audit of the Social Security Administration's Fiscal Year 2001 Financial Statements
http://www.ssa.gov/finance/2001/01oigfs.pdf
This organization included an audit report as a means of providing assurance on the information it provided (see pages 223–229). While this document is lengthy, it has been high-lighted because it illustrates one approach to providing assurance.

Report on Government Services 2002, Chapter 5 Public Hospitals, Steering Committee Publication, Australia
http://www.pc.gov.au/gsp/2002/chapter05.pdf
See page 238 of the report as an example of disclosing the basis for key reporting judgements.

Report on Government Services 2002, Chapter 5 Public Hospitals, Steering Committee Publication, Australia
http://www.pc.gov.au/gsp/2002/chapter05.pdf
See page 202 of the report as an example of disclosing the basis for key reporting judgements.

Please note that page references are those that appear in the hard copy of the organization's report.

Part II–The Development of the BC Reporting Principles

The Impetus Behind BC's Reporting Principles

In February 2002, the PAC reported to the Legislative Assembly on its recommendations arising from the November 2001 report of the Auditor General entitled *Building Better Reports—Public Performance Reporting Practices in British Columbia (2001/2002, Report 3)*. Contained in the Auditor General's report was a general assessment of the performance plans and annual reports of government as a whole and of a number of ministries and government organizations.

Based on its review of the report and discussions with both the Auditor General and government officials, the PAC made several recommendations (reproduced at Appendix A) aimed at improving public performance reporting. The recommendation addressed by this report was "that government work together with the Auditor General and legislators to seek consensus on the public performance reporting principles and the criteria that should be used for the B.C. public sector." The PAC also suggested that, when developing guidelines for preparing service plans and annual service plan reports, the government draw on the CCAF's work to develop national performance reporting principles and on other best practices in the public and private sectors.

Tailoring the Principles for the BC Public Sector

The BC Reporting Principles were developed with reference to the national reporting principles recommended by the CCAF, the emerging reporting principles and practices of other jurisdictions, and general thinking in British Columbia, as found in:

- The *Budget Transparency and Accountability Act*
- *Credibility, Transparency and Accountability*, report of the Budget Process Review Panel (the Enns Report), 1999
- The accountability framework set out in the joint report of the Deputy Ministers' Council and the Auditor General of British Columbia, *Enhancing Accountability for Performance: A Framework and An Implementation Plan, 1996*
- Assessment Guide contained in the report, *Building Better Reports–Public Performance Reporting Practices in British Columbia* (Auditor General of British Columbia, 2001/2002, Report 3), 2001
- *Model for Effective Performance Management and Accountability* (Office of the Comptroller General, Ministry of Finance, Province of British Columbia), 2002

There is a high degree of correlation between the BC Reporting Principles and the national reporting principles recommended by the CCAF. Key differences are primarily one of emphasis, with some tailoring of the national principles to reflect the requirements of the *Budget Transparency and Accountability Act* and reporting practices in British Columbia.

In essence, the BC Reporting Principles differ from the national reporting principles in three ways:

- *The link between concepts was strengthened by combining principles or using more explicit language.* For example, the strong connection between the national principles on risk and capacity was strengthened by combining them into a single principle. Similarly, more direct language was used to describe the relationship between goals and results.
- *Verifiability of information was strengthened.* Two of the BC Reporting Principles elaborate on the need for information to be verifiable, thereby lending support to the PAC's endorsement of independent assurance about the reliability of information contained in government annual service plan reports.
- *A new principle was added to emphasize important contextual information.* The principle entitled "Explain the public purpose served" was created to allow for important information about an organization's mandate and mission, its programs and services (including delivery), and the way in which it conducts public business.

The PAC's endorsement of independent assurance on the annual service plan reports was part of its recommendations to the Legislative Assembly in February 2002. It is reproduced in Appendix A.

Achieving Consensus on the Principles

In July 2002, representatives from government (including the Deputy Secretary to Treasury Board, the Chief Executive Officer of the Crown Agencies Secretariat, and the Comptroller General) and a representative from the Auditor General's office convened as a Steering Committee to begin work as directed by the PAC. The Steering Committee was supported by staff from the central agencies, two ministries, two Crown corporations and the Auditor General's office.

As the BC Reporting Principles were being developed, deputy ministers and CEOs of Crown agencies as well as executive and senior finance officers, members of the Performance Management Round Table (a forum for sharing information among practitioners), and service plan/report contacts within the ministries were consulted for their comments and feedback.

Overall, the reporting principles were well-received. While agreeing with the principles in general, many respondents also recognized (and elaborated on) the challenge organizations will face in incorporating the principles—in particular, those associated with performance measures, linking resources, strategies and results, and the trade-offs to be made in providing good quality information in a timely manner.

Adjustments to the principles were made to reflect the feedback received from over 20 organizations. Some comments, however, were subsequently addressed through other vehicles such as the Treasury Board Staff and Crown Agency Secretariat guidelines for preparing service plans and annual service plan reports. Other suggestions, such as giving greater emphasis to the importance of organizational values, to social reporting or to the blending of one or more of the principles, it was determined, would be best addressed in the future, as reporting practices evolve.

Finally, having reached agreement on reporting principles for the British Columbia public sector, the Government and the Auditor General reported to the PAC in October 2003 on the results of their efforts. In a joint report, entitled *Reporting Principles and An Assurance Program for BC*, the two parties proposed that the BC Reporting Principles be accepted. After a full discussion of the issues, the PAC:

- endorsed the reporting principles as a basis for service plan and annual service plan report guidance and assessment;
- encouraged ministries and Crown agencies to work toward the goal of incorporating the reporting principles into their contracts with non-ministerial service delivery agencies; and
- encouraged Government and the Auditor General to revisit the principles at a future date to ensure that BC's Reporting Principles continue to reflect good reporting practices in Canada and internationally.

Appendix A

Building Better Reports –Recommendations of the Public Accounts Committee, February 2002

The following is an extract from the *Review of Auditor General Reports*, Select Standing Committee on Public Accounts, Report to the Legislative Assembly, February 2002

Chapter: Auditor General Report No. 3, 2001-2002, *Building Better Reports— Public Performance Reporting Practices in British Columbia*

COMMITTEE RECOMMENDATIONS

With regard to the Auditor General's first recommendation, the Committee recommends that ministries, government organizations, and government as a whole, draw on the criteria and examples cited in the Auditor General's report and other sources when they develop their plans and annual reports.

With regard to the Auditor General's second recommendation, the Committee recommends that when developing guidelines for service plans and annual service plan reports, the government draw not only on the criteria used in the Auditor General's report, but also on emerging national principles for public performance reporting and other best practices in the public and private sectors. Further, the Committee recommends that government work together with the Auditor General and legislators to seek consensus on the public performance reporting principles and the criteria that should be used for the B.C. public sector.

The Committee endorses recommendations Nos. 3 and 4 of the Auditor General's 3rd report for 2001/2002, Building Better Reports: Public Performance Reporting Practices in British Columbia, and recommends the same to the Legislative Assembly.

With regard to the Auditor General's recommendation No. 5, the Committee notes that the Canadian Comprehensive Auditing Foundation is developing national performance reporting principles, based on consultations with legislators and governments across Canada. Therefore the Committee recommends that legislators and government consider active participation in this process and other activities that contribute to the development of nationally acceptable standards that reflect the needs of British Columbia's public sector.

With regard to the Auditor General's recommendation No. 6, the Committee endorses the principle that independent assurance should be provided on the reliability of information that ministries, government organizations and government as a whole provide in their annual service plan reports and that assurance should be included in the annual reports. However, because both the principles for such reporting and the methodology for providing assurance thereon are still evolving, the Committee believes it would be premature to seek legislative amendments in this regard.

Therefore the Committee recommends that:

- government working with the Auditor General develop and implement a program over time to ensure that independent assurance is provided and report back to this Committee on progress;

- as part of this program development, pilot studies be utilized to explore the best approach for providing comment on the reliability of information in service plan reports; and
- progress be assessed before decisions are taken on whether and when specific amendments to legislation may be appropriate.

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